GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:3341
ANSWERED ON:06.09.2007
MODERNISATION OF PSUs FIVE YEAR
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Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether the Government has made a provision for modernization of those undertakings which are suffering losses or likely to become sick during the Eleventh Five year Plan;

(b) if so, the number of the undertakings incurring losses during the last three years and the amount of loss incurred by them;

(c) whether any loan or liability is due on these undertakings, PSU-wise;

(d) if so, the details thereof; and

(e) the reasons for losses incurred by them?

Answer

THE MINISTER OF THE STATE IN THE MINISTRY OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES (SHRI SONTOSH MOHAN DEV)

(a) : A Board for Reconstruction of Public Sector Enterprises (BRPSE) has been set up to advise the Government inter-alia on the revival proposals of sick Central Public Sector Enterprises (CPSEs). The Government have approved revival proposals of 26 CPSEs based on the recommendations of the Board for Reconstruction of Public Sector Enterprises (BRPSE) involving cash assistance (in the form of equity, loan and grants) of Rs. 1941.30 crore and non-cash assistance (in the form of waiver of interests, penal interest, GOI loan, guarantee fee etc.) of Rs. 6322.38 crore up-to-date.

(b) : As per Public Enterprises Survey, 2005-06, the number of CPSEs incurring losses during the last three years were 89 (losses Rs. 8522 crore), 79 (losses Rs.9356 crore) and 58 (losses Rs. 5952 crore) for the years 2003-2004, 2004-2005 and 2005-2006 respectively.

(c) & (d) : The amount of loans & current liabilities and provisions due from such CPSEs (PSU-wise) as on 31st March, 2006 is Annexed.

(e) : Reasons for losses/sickness are manifold and may vary from unit to unit. However, some common problems faced/ being faced by sick and loss making CPSEs include old and obsolete plant and machinery, outdated technology, low capacity utilization, excess manpower, weak marketing strategies, stiff competition, reluctance of financial institutions to provide funds for revival/rehabilitation, heavy interest burden, high input cost, resource crunch, erosion of net worth due to continuous losses and inherent problems of sick taken over enterprises.